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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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LIMDIS

SUBJECT: STAFF DEL PINCUS/PAUL

REF: MANILA 6715

1. YOU ARE AUTHORIZED TO GIVE FULL FACTUAL DETAILS ON PHILCAG QUID PRO QUO TO PINCUS/PAUL. DEPT ALREADY HAS PROVIDED FOLLOWING INFORMATION TO SENATE FOREIGN RELATIONS COMMITTEE:

WHEN PHILCAG WAS ORIGINALLY DISPATCHED, THE USG PROVIDED, THROUGH SERVICE FUNDS AS A VIET-NAM-RELATED COST, APPROXIMATELY DOL 4 MILLION IN EQUIPMENT TO STRENGTHEN PHIL FORCES AT HOME. THIS PACKAGE CONSISTED PRIMARILY OF EQUIPMENT NEEDED TO FILL OUT THREE EXISTING ENGINEER CONSTRUCTION BATTALIONS. IN ADDITION, THE USG PROVIDES, THROUGH SERVICE FUNDS, EQUIPMENT FOR AND SUPPORT OF PHILCAG IN SOUTH VIET-NAM. FOR THE FIVE YEAR PERIOD FY 1966 THROUGH FY 1970, THIS WOULD BE IN THE NEIGHBORHOOD OF DOL 35 MILLION.

2. FYI, AND FOR USE IN DISCUSSIONS WITH PINCUS/PAUL AS NEEDED, FIGURES QUOTED WERE DERIVED IN THE FOLLOWING MANNER:

A. DOL 4 MILLION WAS THE COST OF FILLING OUT THREE EXISTING ECB'S THIS AMOUNT WAS SERVICE-FUNDED, AS A DIRECT VIET-NAM RELATED COST. IN ADDITION, IN FY 1967, EQUIPMENT WAS

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PROVIDED UNDER MAP TO EQUIP FULLY TWO NEW ECB'S. THE EQUIPMENT FOR THE TWO NEW ECB'S WAS PROVIDED BY SUBSTITUTING FOR ITEMS ALREADY IN MAP BUDGET, NOT BY INCREASE IN MAP, THUS THE TWO ECB'S ARE NOT REGARDED AS QUO PRO QUO.

B. DECISION TO PROVIDE SECOND FIVE ECB'S IN FY 1968 WAS NOT DIRECTLY RELATED TO PHILCAG, BUT WAS MADE ON BASIS OF PRIORITY MARCOS ASSIGNED TO HIS INFRASTRUCTURE PROGRAM, AND BELIEF THAT ECB'S WOULD BE USED EFFECTIVELY IN PRIORITY DEVELOPMENT AREA FOR PHILLIPINES. SECOND FIVE ECB'S WERE MAP-FUNDED.

C. DOD'S BUDGET FOR PHILCAG SUPPORT (NOT RPT NOT INCLUDING COST OF ECB'S SHOWS FOLLOWING BREAKDOWN BY FISCAL YEARS: FY 1966 - DOL 6 MILLION; FY 1967- DOL 7 MILLION; FY 1968 - DOL 7.1 MILLION; FY 1969- DOL 6.6 MILLION; FY 1970- DOL 6 MILLION (REQUESTED). ROGERS

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